

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7039**

**BILL NUMBER:** HB 1104

**NOTE PREPARED:** Jan 3, 2012

**BILL AMENDED:**

**SUBJECT:** Right-to-Work Pilot Program.

**FIRST AUTHOR:** Rep. McClain

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** The bill establishes a right-to-work pilot program (pilot program), and provides that the Indiana Economic Development Corporation (IEDC) administers the pilot program. It requires the IEDC to implement the pilot program in at least one region of Indiana by May 1, 2012.

The bill provides that the pilot program makes it a Class A misdemeanor to require an individual to:

- (A) become or remain a member of a labor organization;
- (B) pay dues, fees, or other charges to a labor organization; or
- (C) pay to a charity or another third party an amount that represents dues, fees, or other charges required of members of a labor organization;

as a condition of employment or continuation of employment; and establishes a separate private right of action for violations or threatened violations.

The bill also provides that the pilot program does not apply to federal employees, employees subject to certain federal laws, certain employees over whom the federal government has jurisdiction, state employees, and employees of a political subdivision. It provides that the pilot program does not apply to the extent it is in conflict with or preempted by federal law.

The bill requires the IEDC to submit, before November 1, 2013, a report to the General Assembly on the pilot program. It specifies that the report must include any conclusions and recommendations made by the IEDC concerning the pilot program, information concerning the expansion of the pilot program statewide, and any recommended legislation.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** *IEDC*- The bill requires the IEDC to implement the pilot program, adopt administrative rules to administer the program, and establish a procedure to monitor and evaluate the pilot program. The bill also requires the IEDC to prepare and submit a report on the pilot program before November 1, 2013, which is to include conclusions and recommendations, information concerning the expansion of the pilot program statewide, and any recommended legislation.

The bill's requirements represent an additional workload and expenditure on the agency outside of the IEDC's routine administrative functions, and existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

*Attorney General*- Costs for the Office of the Attorney General may increase if the Attorney General is required to investigate complaints of violations or enforce compliance if a violation of the statute is found.

**Explanation of State Revenues:** *Penalty Provisions*- If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class A misdemeanor is \$5,000. Criminal fines are deposited in the Common School Fund.

If the case is filed in a circuit, superior, or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$5), judicial salaries fee (\$19), public defense administration fee (\$5), court administration fee (\$5), judicial insurance adjustment fee (\$1), and the DNA sample processing fee (\$2) are deposited into the state General Fund.

**Explanation of Local Expenditures:** *Penalty Provisions*- A Class A misdemeanor is punishable by up to one year in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

*Prosecuting Attorney Costs*- Costs for county prosecuting attorneys may increase if the prosecuting attorneys are required to investigate complaints of violations or enforce compliance if a violation of the statute is found.

**Explanation of Local Revenues:** *Penalty Provisions*- If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. In addition, several additional fees may be collected at the discretion of the judge and depending upon the particular type of criminal case.

**State Agencies Affected:** Indiana Economic Development Corporation; Office of the Attorney General.

**Local Agencies Affected:** Trial courts; Local law enforcement agencies.

**Information Sources:**

**Fiscal Analyst:** Camille Tesch, 317-232-9866.